

**REQUEST FOR PROPOSALS FOR
PROFESSIONAL SERVICES
for Rate Restructuring Review
for Collection Services**



FROM THE
DEL NORTE SOLID WASTE MANAGEMENT AUTHORITY
1700 STATE STREET
CRESCENT CITY, CA 95531
AND
RECOLOGY DEL NORTE
2675 LAKE EARL DRIVE
CRESCENT CITY, CA 95531

DEL NORTE COUNTY, CALIFORNIA

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PROPOSALS DUE: 04 DECEMBER 2020

REQUEST FOR PROPOSALS

for Rates Restructuring Review for Collection Services

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REQUEST FOR PROPOSALS for Rates Restructuring Review for Collection Services

I. PROJECT OVERVIEW

The Del Norte Solid Waste Management Authority (hereinafter referred to as "DNSWMA" or the "Authority") and Recology Del Norte (Recology) jointly request proposals for professional services related to review and assessment of information related collection service rate restructuring negotiations between Recology Del Norte and the Del Norte Solid Waste Management Authority in January and March 2021.

Proposals must be received at the Del Norte Solid Waste Management Authority office at 1700 State Street, Crescent City, CA 95531, Attention: Director, by 4:30 P.M. on 04 December 2020.

The selected Contractor will be expected to be familiar with the tools needed to review, compare and assess professional service agreements and associated service rates for comprehensive solid waste, recycling, and organics collections and processing services in rural areas. The Authority and Recology seek a Contractor that can provide an impartial assessment of service rates to be negotiated between the Authority and Recology Del Norte, and to make a public presentation to that effect considering the totality of services described under the agreement between the Authority and Recology. Contractor will attend a series of three web-based meetings reviewing services, contract details, rates and supporting details and have opportunity to request additional supporting information as appropriate. The principle work product for this effort will be a summary report and PowerPoint presentation that asserts that the resulting service rates may be aptly described as 'Fair and Reasonable,' considering the services to be provided under contract and how those services are anticipated to change in coming years.

II. PROPOSAL PROCESS

A. Contact

All requests for information regarding this RFP and for historical information relating to collection services in Del Norte County should be directed to:

Tedd Ward, Director
Del Norte Solid Waste Management Authority
1700 State Street
Crescent City, CA 95531

03 November 2020

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Telephone: (707) 465-1100
Fax: (707) 465-1300
e-mail: tedd@recycledelnorte.ca.gov
website: www.recycledelnorte.ca.gov

Each Proposer is advised to check that all parts of the RFP package have been received. The RFP is considered to include all items listed in the Table of Contents, the text of the RFP, the Exhibits, and any addenda issued by the Authority. Proposers will be responsible for informing themselves with respect to all conditions that might in any way affect the cost or the performance of any of the work. Each Proposer is responsible for obtaining any and all information it deems necessary to make its proposal. The Authority does not assume any liability for actions taken pursuant to data contained in this RFP. Checking the accuracy and completeness of the information is the responsibility of the Proposer. Failure to do so will be at the sole risk of the Proposer and no relief will be given for errors or omissions by the Proposer.

B. Distribution List for RFP

The initial RFP mailing list is attached as Exhibit B.

C. Proposal Rules

The following rules apply to the submission of proposals:

1. All proposals must be submitted in writing and in accordance with the requirements of this Request for Proposals.
2. Four **copies** of the proposal must be mailed or delivered in a sealed package, to the above noted address. **The package must be received at the Authority's offices by 4:30 p.m. on 04 December 2020.** The package must be clearly labeled on the outside and inside with the name of the firm submitting the proposal and the address stated above (with the words: "**Fair and Reasonable Rate Review Proposal**" on the package). One of the copies of the proposal must be unbound and single sided to ease further copying, and this copy shall be labeled 'Original.' This 'Original' copy will govern in the event of any inconsistency among copies of the proposal.
4. Each proposal must be typed or printed on 8 1/2" by 11" paper, double-sided, (except as noted above) or if larger paper is required, it must be folded to 8 1/2" by 11". Paper should be at least 30% post-consumer recycled content.
5. Proposals may not be changed, modified, or withdrawn after the time and date specified for submittal. Partial or incomplete proposals, or any falsehood or misrepresentation contained within a proposal may be grounds for disqualification.

6. Proposals received after the required submittal date and time will be rejected and returned unopened unless no other proposals were submitted on time. The Authority will not in any manner be liable or responsible for any late delivery of proposals. Unless specifically requested by the Authority for clarification, the Authority will not accept any clarifications, revisions or addenda to submitted proposals after the submission deadline. No telegraph, facsimile or telephone proposals or addenda to proposals will be acceptable.
7. Proposals must be in U.S. dollars inclusive of all costs such as, but not limited to: insurance, equipment, temporary facilities, supervision, mobilization/demobilization, profit, overhead, and taxes. All other direct and indirect costs associated with the work including, but not limited to, allowances for weather, absenteeism, holidays, equipment failure, travel time and any other applicable costs must also be included in proposal.
8. Prior to contract award for work described herein, the Authority will conduct investigations as necessary to determine the performance record and ability of each Proposer to perform the work included herein at the least cost to Authority ratepayers. Upon request, the Proposer must submit additional information deemed necessary by the Authority to evaluate the Proposer's qualifications.

D. Confidential Information

Any material that Proposer contends is exempt from disclosure to the public under the California Public Records Act (i.e., trade secrets, financial information, etc.) must be clearly marked on each page as "confidential". Providing those materials marked are exempt, to the extent allowed by law, the Authority will not disclose the marked information other than to Authority officers, attorneys, employees and consultants involved in evaluating the proposals received.

The consultant will be required to enter into a reasonable confidentiality agreement with Recology, prohibiting the consultant from disclosing the confidential or proprietary information of Recology, or using it for any unrelated purpose.

E. Evaluation Process

Each proposal will be evaluated by Authority and Recology staff, for completeness and for compliance with the requirements of this RFP.

The objective of the Authority and Recology is to determine the most compelling and cost-effective option for assembling, presenting, and assessing information and analysis for the tasks described in each section of the scope of services. Toward this end, the Authority will consider all relevant factors, including, but not limited to:

- Proposer's qualifications and experience;
- References from existing or prior clients and related comments;
- Proposers' understanding of Tasks, as communicated in their proposal
- Price Proposal

In addition to the evaluation of the specific elements of the proposal, the Authority retains the right to evaluate all potential costs, services, and related factors which may affect the ratepayers for the term of the contract and any extensions, or potential liabilities that could extend beyond the term of the agreement. **The Authority and Recology reserve the right to select a Proposal other than the lowest cost Proposal.**

Exhibit C to this RFP provides a sample of how evaluation scores will be compiled. Price proposals for task 2 will be the hourly rate proposed for that task times a presumed 10 hours of effort. Actual required effort may be less or more than this estimate. Comparative evaluation of price proposals will be equal seven times the average of all price proposals from the responsive proposals received divided by the price proposal being evaluated times the weighting.

If Recology and the Authority are unable to mutually agree to a single contractor to be selected, Recology will identify at least two contractors that would be acceptable, and the Authority will select one of those. Under such a circumstance, more than one proposer may be invited to an on-line meeting of the Authority to discuss their respective proposals.

F. Recommendation to Board of Commissioners

Based on the points evaluation, Authority staff and Recology will make a recommendation to the Authority's Board of Commissioners on 15 December 2020. All proposers will be advised of staff's recommendation. Any proposer that disputes the fact that the recommended proposer is qualified per the RFP requirements or who has a complaint regarding the process, must submit a protest letter to the Authority Director by way of personal delivery, USPS mail or private courier, or fax within 5 business days of the date of the notification communication (not the date received). The Authority Director will then have three business days to respond to the protest. If the proposer is not satisfied with the Director's response, the proposer may submit an appeal to the Board of Commissioners for final resolution.

III. EXISTING CONDITIONS

The following background information is provided for the convenience of potential Proposers. Each Proposer is responsible for obtaining any and all information it deems necessary to make its proposal.

A. General Background regarding Franchise Collections Agreement

The Del Norte Solid Waste Management Authority, a joint powers authority of the City of Crescent City and the County of Del Norte, seeks services from a consultant familiar with the factors that impact costs of providing solid waste, recyclables, and organics collection services under contract in California. The selected Contractor will observe the process and request supporting information during negotiations to restructure collection service rates, and provide an assessment of the rates negotiated for the services to be provided. The Collections Franchise Agreement and associated Change Orders are included in Exhibit D.

The Authority values the services provided by Recology Del Norte enough to extend the term of the collections franchise, and has adequate confidence in our abilities to come to mutual agreement that the rate restructuring follows the approval of that extension. Since Recology Del Norte began providing services under their Collections Franchise Agreement in 2011, they have been doing so under a rate structure under which residential customers pay based on the size of their disposal container, and additional recyclables services could be added on without additional charge. The current rate structure was created when recyclables were processed by a Del Norte business which has since closed.

There are several factors that drive the need to restructure collection rates. Most recyclables collected under this agreement are now being processed at the Recology Humboldt facility in Humboldt County. In recent years contamination of recyclable materials have been increasing concerns, and the Authority intend to restructure rates to remove the mis-implication that recycling revenues somehow paid for recyclables collections, no matter how contaminated. The Authority and Recology both acknowledge that processing costs for recyclables must be included as separated expenses under the new rate structure. Other changes were made to the factors used to calculate rates under Change Order 19. Added to these changes are the substantial changes mandated by law, including California Air Resources Board compliance costs. Even considering all these changes, the intent of both the Authority and Recology is that after all these factors have been considered, that this is a 'revenue-neutral restructuring' in that there are no changes that result in an unjustified additional profit to Recology during the term of the contract.

In recent years, the metal streetside recycling and trash containers required under the Franchise have been rusting and in need of replacement. Working with staff and the Planning Commission for Crescent City, cement containers were selected and approval of the extension accelerated the process for the replacement of those streetside containers. Recology Del Norte and the Del Norte Solid Waste Management Authority are not, however, including those replacement costs as expenses to be separately identified and compensated under the rate restructuring negotiations.

B. Negotiation of Restructured Rates

The Del Norte Solid Waste Management Authority approved Collections Change Order 19 in October 2020, attached under Exhibit D. This Change Order added five years to the current agreement term with a pre-approved additional 3 years based on demonstrating performance of the following items:

- Revised rate structure implemented effective 01 July 2021
 - At least 20 streetside containers replaced with 12 months of signing Change Order, at least 60 streetside containers replaced within 24 months, with up to 5 additional locations, those costs for such replacement are **not** to be included in the rates being restructured.
 - Additional educational efforts related to recycling, including not less than biennial presentations from Recology regarding the recycling and manufacturing of all approved materials and plastic resin codes collected in Recology Del Norte's recycling programs.
- When a Northern Transfer Station is operated by the Authority, associated collections services would be included in this extended agreement with Recology Del Norte under the same service terms currently for Gasquet and Klamath facilities, including cardboard and multi-material drop-off recycling services.

C. Role of Contractor During Negotiations

Contractor is not expected to mediate or serve as an intermediary to these rate negotiations. Proposers are, however, asked to provide an hourly rate for web-based mediation services and be prepared to do so if requested to facilitate progress of negotiations.

Contractor is being hired to investigate services and the basis of rates to assure reasonable value to customers. *Authority staff under Commission direction intend to negotiate with Recology representatives using Excel spreadsheets of similar structure without sharing formulas for calculations directly. The intent is that both parties agree to the structure of how rates should be calculated, and to compare results.* Authority staff or Contractor may ask Recology for information supporting assertions of requirements increasing compliance costs, how processing costs are assessed and reviewed or revised, and projections of costs during the extended term of the agreement. Service and rate negotiations will begin in January 2021 and extend through February 2021. If necessary, negotiations could be extended through March 2021.

During negotiations, either Authority or Recology representatives may specifically appeal to Contractor to ask if the other party is being 'fair and reasonable' with respect to any aspect or assertion being negotiated and expect a written response. Contractor may request supporting information or documentation in preparation of such response.

D. Assessment of 'Fair and Reasonable' Rates

Contractor is being hired to determine that the negotiated rates are 'Fair and Reasonable.' The basis for such a determination may include the following:

- Comparison with similar collection and processing service rates in Humboldt and Curry Counties
- Identification of service or structural differences that impact costs, such as the changes to how recyclable materials are processed and marketed
- Presentation of cost information with historical comparisons as justification for changes
- Costs due to changes in law, with new services or equipment specifically addressed regarding the timeline and projected costs for compliance.
- Ability to provide supporting documentation as requested
- Consultant, DNSWMA, and Recology have no significant unanswered questions or significant areas of concern as negotiations conclude

Contractor will have ample opportunity during negotiations to determine if changes being proposed at any point do not appear 'Fair and Reasonable' or adequately justified as described above. Both the Authority and Recology are confident such concerns will likely be addressed before the conclusion of negotiations.

E. Public Presentation of Findings

Contractor will present a PowerPoint presentation at the Authority meeting on 20 April 2021, addressing the following topics:

- How collection services have changed
- Reasons for restructuring rates
- How rates have been restructured, including basic service charge description
- Comparison to similar service rates in Humboldt and Curry Counties
- Determination that the rates are 'Fair and Reasonable' for the services provided

IV. SCOPE OF SERVICES

All work performed by Contractor and its employees pursuant to this Agreement will be performed promptly and diligently and in a manner consistent with the standards of care, diligence and skill exercised by recognized environmental engineering and consulting firms for similar services, and in accordance with all regulatory and good management standards, and in a good, safe and workmanlike manner. Contractor will be responsible to ensure that all work performed by its employees or any subcontractors is performed to the standards set forth in this RFP and that such work complies with requirements of appropriate governmental agencies and applicable law.

03 November 2020

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All services required under this RFP will be performed by Contractor personnel, and all personnel will possess the qualifications, permits and licenses required by State and local law to perform such services.

The Authority uses and requests that deliverables produced under this scope of services use the following Windows-compatible software: Microsoft Office including PowerPoint, or Corel WordPerfect. Draft deliverables may be submitted as electronic MS Office documents, and images may be submitted in pdf format.

The Authority requests proposals for a professional services Contractor to provide the following services:

1. *Kickoff Meeting, Review of Basic Background Information*

At an agreed time between 07-12 January 2021, Consultant will attend a web-based meeting with the Authority Director and Recology Del Norte General manager and other interested parties to discuss the Consultant's role in these negotiations, the scope of services, and to review the following information:

- A. The Franchise Collections Service Agreement and Change Orders
- B. Collections Service Rates for 01 July 2020 – 30 June 2021
- C. Financial Statements from Recology Del Norte for the past 3 fiscal years
- D. Changes in law that impact collection services
- E. Initial descriptions of the Service Changes during the period of extension

The consultant's role is to provide third-party verification that the restructured negotiated rates can be justifiably described as 'fair and reasonable', considering the following:

- Comparison with similar collection and processing service rates in Humboldt, Trinity, and Curry Counties
- Identification of service or structural differences that impact costs, such as additional community services provided under the Agreement
- Presentation of cost information with historical comparisons as justification for changes
- Costs due to changes in law. New procedures or new services or vehicles will be specifically addressed regarding the timeline and projected costs for compliance.
- Ability to provide supporting documentation as requested
- Consultant, DNSWMA, and Recology have no significant unanswered questions or significant areas of concern as negotiations conclude

2. Mediation Services

Unless requested to do so by both parties, Consultant is not expected to assist or mediate during negotiations. As there is limited time for negotiations, however, Contractor is asked to propose an hourly rate for such services should such be required.

3. Additional Informational Review During Negotiations

This task includes three meetings to discuss negotiations and rates, and related investigation and analysis. Authority staff will arrange two two-hour web-based meetings with Contractor between January and March to review details that have been negotiated, highlighting changes and basis of negotiations at that point. Contractor may request additional supporting information and may offer opinions regarding the adequacy of such information provided. Additional information that may be reviewed through this process may include:

- Costs to provide collection services
- Costs of transporting, processing and marketing recyclable materials
- Costs for community services required under Agreement
- Vehicle and maintenance costs
- Capital expenses and depreciation costs
- Labor expenses and projections for changes thereof
- Related party transactions
- -Spreadsheets reflecting current rates
- Spreadsheets reflecting negotiated rates
- Specific justified information requests or supporting documentation

Contractor is explicitly allowed to request any additional information necessary to justify assertion that the negotiated rates are 'Fair and Reasonable.'

At the conclusion of negotiations, Authority and Recology staff will convene a two-hour meeting with Contractor to review the rate structure and language changes to the Franchise Collections Agreement.

4. Rates Restructuring Report

Contractor will prepare a brief written summary report and a PowerPoint presentation to the Authority Board. Contractor will present draft versions on 05 April 2021 to Authority and Recology staff and two Commissioners. Addressing and incorporating changes suggested regarding this draft, a final version will be delivered to the Authority on 15 April 2021, and Consultant will present the final PowerPoint in a web-based meeting with the Authority Board on 21 April 2021.

V. PROPOSAL REQUIREMENTS

The Authority invites proposals from companies qualified to provide the requested services described in the preceding sections. The contents and pricing structure of the selected Proposal, this Request for Proposals, and opinions from relevant legal counsels will form the initial basis for negotiating an Agreement for the selected Contractor. The contents of each proposal should address each of the topics from the headings within this Section of the RFP.

A. *Project Schedule & Price Proposal*

Each responsive proposal must include a completed version of Exhibit A. Considering that this work is to be completed within a few months, not more than 60% of the total budget (excluding any mediation services) will be paid before the completion and presentation of the final report.

B. *Qualifications*

1. Experience

Proposals must demonstrate the capacity for the Proposer to complete the Scope of Services. This includes demonstrating the Proposer's work experience providing similar or related services. Proposers should particularly highlight experiences related to mapping, property assessment, environmental permitting.

2. Organization Chart, and Resumes of Key Officers for this project

Proposals must include summary resumes of key staff of the Proposer, describe their role in the proposed project and provide an organizational chart for this project. Provide a complete resume of the project manager and other key members of the Proposer's team. As the Authority considers the qualifications of the project manager to be of critical concern, the Authority reserves the right to terminate the contract if project manager or staff changes for this project if such changes are not satisfactory to the Authority.

3. References

Proposals must also include at least three references, including one or more similar or related projects. References will include a brief description of the work completed

by the Proposer, the start and end-dates of those projects, worksite address, and names and phone numbers of persons, agencies, or businesses who can comment on the referenced work activities and deliverables.

C. Approach

Proposals should describe any unique, creative, or more effective aspects of the Proposer's approach to completing each of the tasks in the Scope of Services. Suggestions to modify the requested Scope of Services are welcome, but must be stated clearly within the proposal. Proposals may also include optional tasks or additional optional related services to improve or reduce the cost to complete the requested services. However, proposers are advised to include all tasks described in Section IV. The Authority reserves the right, at its discretion, to include or exclude such optional services from the negotiated Agreement for the services described within this RFP.

VI. EXHIBITS AND FORMS

All documents of this RFP, including Exhibits, are included in the CD-ROM included with this RFP.

Exhibit A: RFP Schedule, Price Proposal Form

Exhibit B: Initial Mailing List for this RFP

Exhibit C: Sample Proposal Evaluation Form

Exhibit D: Franchise Agreement and Change Orders (CD enclosed)

Exhibit A: RFP Schedule, Price Proposal Form

Task	Delivery Dates	Lump Sum Price
1. Kickoff Meeting & Review of Background Information	January 2021	
2. Mediation Services (presume 10 hours)	Upon Request	Per Hour Rate:
3. Meetings, Negotiations & Related Investigation and Analysis	Before end of March 2021	
4. Draft and Final Report and Presentations	Draft: 05 April 2021 Final: 15 April 2021 Presentation: 21 Apr 21	
Total Price Proposal		

The Total Price Proposal is the sum of the lump sum amounts for Tasks 1,3, and 4 above, plus 10 times the hourly rate under Task 2. Not more than 60% of the Total of items 1, 3, and 4 will be paid until Task 4 is completed.

Exhibit C: Sample Proposal Evaluation Form

	Proposal 1		Proposal 2		Proposal 3	
	hourly rate	Lump Sum	hourly rat	Lump Sum	hourly rat	Lump Sum
Task 1		\$ 500		\$ 2,000		\$ 400
Task 2	\$ 200		\$ 500		\$ 150	
Task 3		\$ 4,000		\$ 5,000		\$ 2,000
Task 4		\$ 4,000		\$ 8,000		\$ 6,000
Total Price Proposal		\$ 16,500		\$ 35,000		\$ 14,400
Price Proposal Evaluation		9.32		4.39		10.68

Price Proposal Evalaution = 7 * Average of all Price Proposals/Price Proposal

The following will be rated on a 1 to 10 scale, with 10 being preferred

	Recology	DNSWMA	Recology	DNSWMA	Recology	DNSWMA
Qualifications	10	8	6	10	9	5
References	4	10	8	8	8	5
Understanding	8	8	10	9	6	4
Price Proposal Evaluation	9.32	9.32	4.39	4.39	10.68	10.68
Total /4	7.83	8.83	7.10	7.85	8.42	6.17
Average		12.74		11.40		10.38

Selected Proposal

Exhibit B: Initial Mailing list for this RFP

CalRecovery
2454 Stanwell Drive
Concord, California 94520

EBA Engineering
825 Sonoma Avenue
Santa Rosa, CA 95404

HDR Engineering, Inc.
1325 J Street, Suite 1300
Sacramento, CA 95814

NewPoint Group
2555 Third Street, Suite 215
Sacramento, California 95818

R3
2600 Tenth St., Suite 411
Berkeley, CA 94710

Sloan Vazquez, LLC
18006 Skypark Circle , Suite 205
Irvine CA 92614